

# Fannie Mae HFA Preferred™ /Upfront Paid Mortgage Insurance (UPMI)

Combine with Start Up, MCC (with First Mortgage) or Step Up programs



## Product Description

Fannie Mae's HFA Preferred™ conventional product allows 97% loan-to-value (LTV) ratios with low mortgage insurance coverage requirements, and must be layered with a Minnesota Housing Mortgage Loan Program. This product description summarizes Minnesota Housing guidelines, and Fannie Mae and U.S. Bank overlays required for loan eligibility. Lenders are also responsible for meeting all program guidelines ([Start Up](#), [MCC \(with First Mortgage\)](#) or [Step Up](#)), underlying product guidelines and U.S. Bank overlays. Where terms differ, the more restrictive terms apply.

PARAMETERS	HFA PREFERRED™ REQUIREMENTS			
Eligible Minnesota Housing Programs	Start Up, MCC (with First Mortgage) and Step Up			
Loan Terms	<ul style="list-style-type: none"><li>Fully-amortizing</li><li>30-year term</li><li>Fixed Rate</li></ul>			
Eligible Occupancy	Owner-occupied			
Mortgage Insurance	LTV and MI Coverage Percentage			
	> 95% and ≤ 97%	> 90% and ≤ 95%	> 85% and ≤ 90%	> 80% and ≤ 85%
	18%	16%	12%	6%
	Loans with an LTV > 95 up to ≤ 97% must use an MI company posted on U.S. Bank’s Allregs website.			
Eligible Property Types	<ul style="list-style-type: none"><li>One unit, single-family</li><li>Duplex</li><li>Community land trusts (CLT)</li><li>Condos (<i>see Allregs for U.S. Bank requirements</i>)</li><li>Planned unit developments (PUD)</li></ul>			
Ineligible Property Types	No manufactured housing or co-ops			
Income Requirements	Minnesota Housing’s <a href="#">Start Up/MCC/Step Up income limits</a>			
Boarder Income	Not allowed			
Minimum Credit/Maximum DTI	<a href="#">Credit and DTI Matrix</a>			
Maximum LTV/CLTV	<ul style="list-style-type: none"><li>One-unit: 97% / 105%</li><li>Two-unit: 95% /105%</li></ul>			
Desktop Underwriter® (DU®)	<ul style="list-style-type: none"><li>HFA Preferred™ is available through DU® using the "Additional Data" screen; select "HFA Preferred."</li><li>DU® recommendation of “Approve/Eligible” is acceptable.</li><li>DU® recommendation “Refer Eligible” or “Refer with Caution” requires manual underwriting.</li></ul>			
Loan Prospector® (LP®)	You must receive an LP® recommendation of “Risk Class Accept” and you may ignore a “000 Freddie Mac Ineligible” with the only purchase restriction due to income limit requirements (loan must meet HFA income guidelines)			
Non-Traditional Credit	Requires manual underwriting			

(continued on back)



PARAMETERS	HFA PREFERRED™ REQUIREMENTS
Manual Underwriting	LTV ≤ 95%
	<ul style="list-style-type: none"> <li>• DU® manual underwriting allowed. Lender may manually underwrite even if mortgage was previously submitted to DU®.</li> <li>• Maximum 36% DTI</li> <li>• Minimum two months PITI (and association dues, if applicable) reserves after closing (or per underlying product guidelines, if greater)</li> <li>• See Fannie Mae's HomeReady™ Product Matrix for manual underwriting.</li> <li>• Maximum CLTV remains at 105% as long as the secondary financing is an approved Community Seconds® loan.</li> <li>• <a href="#">Credit and DTI Matrix</a></li> </ul>
	LTV > 95 up to ≤ 97%
	Not allowed
Reserves	AUS-underwrite: Defer to underlying product guidelines Manual underwrite: See Manual Underwriting section above
Minimum Borrower Contribution	<ul style="list-style-type: none"> <li>• One-unit: \$1,000 or 1% of the purchase price, whichever is less, if receiving Minnesota Housing downpayment and closing cost loan</li> <li>• Two-unit: 3%</li> </ul>
Downpayment and Closing Cost Loans	Refer to Start Up, MCC (with First Mortgage) and Step Up program descriptions
Interested Party Contributions	Defer to underlying product guidelines regarding maximum seller contributions
Homebuyer Education	Required of at least one borrower, if <u>all</u> borrowers are first-time homebuyers
Landlord Education	Landlord education is required for duplex purchase transactions that exceed the LTV required by the Selling Guide Eligibility Matrix.
Special Feature Code (SFC)/Offering Identifier	<ul style="list-style-type: none"> <li>• DU® SFC 741 and SIC 088</li> <li>• LP® Offering Identifier 251 or choose "Home Possible Advantage for HFAs (eligible users only)" from drop-down menu</li> </ul>
Underwriting Guidelines	Unless otherwise stated in this product description or a U.S. Bank MRBP bulletin, refer to Fannie Mae HomeReady™ underlying product guidelines
Conventional Loan Delivery Fees	Zero LLPA (Loan Level Price Adjustment)
PARAMETERS	UPFRONT PAID MORTGAGE INSURANCE (UPMI) REQUIREMENTS
Product Guidelines	Refer to the HFA Preferred™ product guidelines contained in this product description. The most restrictive terms apply.
Minimum Credit Score	<a href="#">Credit and DTI Matrix</a>
Eligible Properties	Single-family, PUD, condo, duplex
Ineligible Properties	Manufactured housing, co-ops, CLT
Special Feature Code (SFC)/Offering Identifier	<ul style="list-style-type: none"> <li>• DU® SFC 741 and SIC 088</li> <li>• LP® Offering Identifier 251 or choose "Home Possible Advantage for HFAs (eligible users only)" from drop-down menu</li> </ul>
Service Release Premium (SRP)	Unused UPMI SRP must be credited to the borrower for closing costs.

